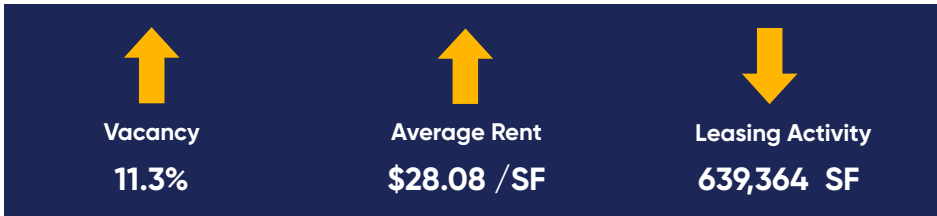


# Market Report

Over the first quarter of 2021, we have had mixed signs in the Portland metro area. While total lease transactions increased, the average lease size decreased nearly 30%, confirming what we have expected – companies are decreasing their footprint. Overall gross rent decreased 1.15% YoY, however sublease gross rent has increased 6.5% YoY, an indication that more premium sublease space is being delivered to the market. This trend is further solidified by the fact that the difference between direct and sublease rent has shrunk to 12.4% compared to 18.9% a year ago. There has been some activity in the CBD toward the end of the quarter; however, many companies continue to escape the core downtown area, as demonstrated by the steady rent growth and activity in the prime suburban submarkets.



## Rental and Vacancy Rates

Gross Rates (\$/SF)	Total Vacancy Rate	Qtr Change
\$30.90	CBD Market   Overall 16.8%	▲ 1.30%
\$35.52	CBD Market   Class A 19.5%	▲ 1.00%
\$28.67	CBD Market   Class B 14.9%	▲ 1.30%
\$23.61	Sunset Corridor   Overall 5.7%	▼ -0.50%
\$25.48	Sunset Corridor   Class A 2.5%	▼ -0.10%
\$23.20	Sunset Corridor   Class B 8.3%	▼ -0.80%
\$24.84	Clark County   Overall 7.3%	▲ 0.40%
\$26.51	Clark County   Class A 11.7%	▲ 0.50%
\$23.85	Clark County   Class B 5.9%	▲ 0.20%
\$29.99	I-5 Corridor   Overall 12.9%	▲ 1.30%
\$32.93	I-5 Corridor   Class A 18.6%	▲ 2.20%
\$24.27	I-5 Corridor   Class B 11.2%	▲ 1.10%
\$25.95	Southeast   Overall 8.4%	▲ 0.60%
\$29.47	Southeast   Class A 17.6%	▲ 4.90%
\$25.73	Southeast   Class B 8.5%	▲ 0.30%

## Recent Transactions

SERA Architects	ON Inc	Ball Janik LLP	Workday
42,764 RSF	28,610 RSF	17,348 RSF	15,875 RSF
600 SW 10th Ave	1250 NW 9th Ave	101 SW Main St	4145 SW Watson Ave
CBD	CBD	CBD	North Beaverton
Apr 2021	Apr 2021	Apr 2021	Apr 2021

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Sources: Information obtained from CoStar and other resources deemed reliable.  
Filters include > 5,000 RSF and Class A, B, C office properties.

## Occupier's Perspective

- ↑ The available sublease space reached 1,567,598 SF to end the year, representing an increase of 121% from Q1 2020
- ↑ Vacancy rate has increased 38% since Q1 2020. Representing the largest YoY increase in recorded history.
- ↓ Gross rents have decreased 1.15% YoY, compared to the previous steady rent growth of 5.57% over the last 5 years.

## Market Trends

**Total available space reached 15 million SF at the end of Q1.** This represents a 41% increase (4.3 million SF) since Q1 2020 and is significantly greater than the average YoY increase of 1.91% (185,738 SF) since 2016. Sublease space makes up 1.57 million SF of the total available and is the most in recorded history.

**Total Leasing Activity SF has decreased, however there was a slight uptick in the # of transactions with 247 in Q1.** The result is a significant decrease in the average lease size, which dropped 29% (avg 2,589 SF) compared to the average lease size over the previous 6 years (avg 3,657 SF).

**All Submarkets experienced increasing vacancy rate with the exception of Sunset Corridor where vacant space decreased .5% from Q4 2020.** Gross rents have increased in select suburban submarkets, with Clark County and I-5 Corridor experienced rent growth of 4.2% and 2.8% respectively in the last quarter alone.